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SUBJECT: ZAMBIA EAGER FOR MILLENNIUM CHALLENGE COMPACT

Ref: State 11916

¶1. (U) Zambian Secretary to the Treasury C. Evans Chibili welcomed improvement on Zambia's FY09 Millennium Challenge Corporation Scorecard November 6 and committed the Government of Zambia (GRZ) to working "hard to bring this about" quickly. DCM delivered the scorecard, congratulating Zambia on meeting the targets (except for investment in primary education) and explaining that the MCC Board would meet in December to determine Zambia's eligibility to submit a proposal for a compact. He emphasized that approval for a compact was never a certainty and advised that, even if Zambia were approved, compacts often take 12-18 months to negotiate. DCM further advised Zambia to take careful note of the borderline "Investing in People" targets, in order that they not be allowed to deteriorate and affect Zambia's eligibility.

¶2. (U) Chibili characterized a compact as an "elusive target" and welcomed the scorecard news. At the same time, he wondered how the primary education spending had failed to meet the median threshold, in that education and health funding is ring-fenced in the Zambian budget. Chibili promised to look into it and said it "can be fixed relatively quickly." He questioned how Zambia could expedite the negotiation process, noting that the recently elected Banda government has only a three-year term and would want to point to results before the 2011 elections.

¶3. (U) DCM advised Chibili to begin thinking about poverty-reducing, income-generating proposals, so that if Zambia were selected for a compact, negotiations could start quickly. He also reiterated MCC's suggestion to consult with other compact neighbors, such as Mozambique, Tanzania, and Namibia, to see what lessons could be learned from their experiences. Chibili affirmed that Zambia has clear ideas and priorities consistent with its national development plan. He reiterated the GRZ commitment to seize the opportunity if Zambia were selected in December.

BOOTH